8/25/87 C8950-2

TWO DOLLARS

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RV BUSINESS

AUG/7

1 9 8 7

California Law May Limit Chassis Supply

Motorhome manufacturers are facing the prospect of shortages on some Chevrolet chassis for California, due to a regulatory glitch that will prevent shipment of most 1988 model chassis for the California market until late this year.

The imminent shortages are the result of a change in California law to permit that state to collect noncompliance penalties from vehicle manufacturers whose engines do not meet California emissions standards. Such fees, commonly referred to as "pay to pollute" penalties have been charged and collected on a federal level by the Environmental Protection Agency (EPA) in recent years. The new California law provides that the fees levied on nonconforming vehicles must be collected and retained by the California Air Resources Board (CARB).

Because that California law is in direct conflict with existing EPA provisions, the federal and [illegible]encies must reach an accommodation on the conflicting [illegible]ions. Until such an accommodation is reached, Chevrolet chassis shipments for California must be halted.

Chuck Elder, engineer for General Motor Corp.'s environmental-activities staff, said, "The bottomline is that we are not going to be able to produce any

continued on page 12

Coast RV Plans To Market Under Its Own Label

Coast RV Inc., San Jose, Calif., one of the largest distributors of RV aftermarket parts, is developing plans to sell goods under its own label, confirmed Dave Berger, marketing director at Coast RV.

Coast officials said the private-label plan is part of a larger program to improve merchan-

continued on page 10

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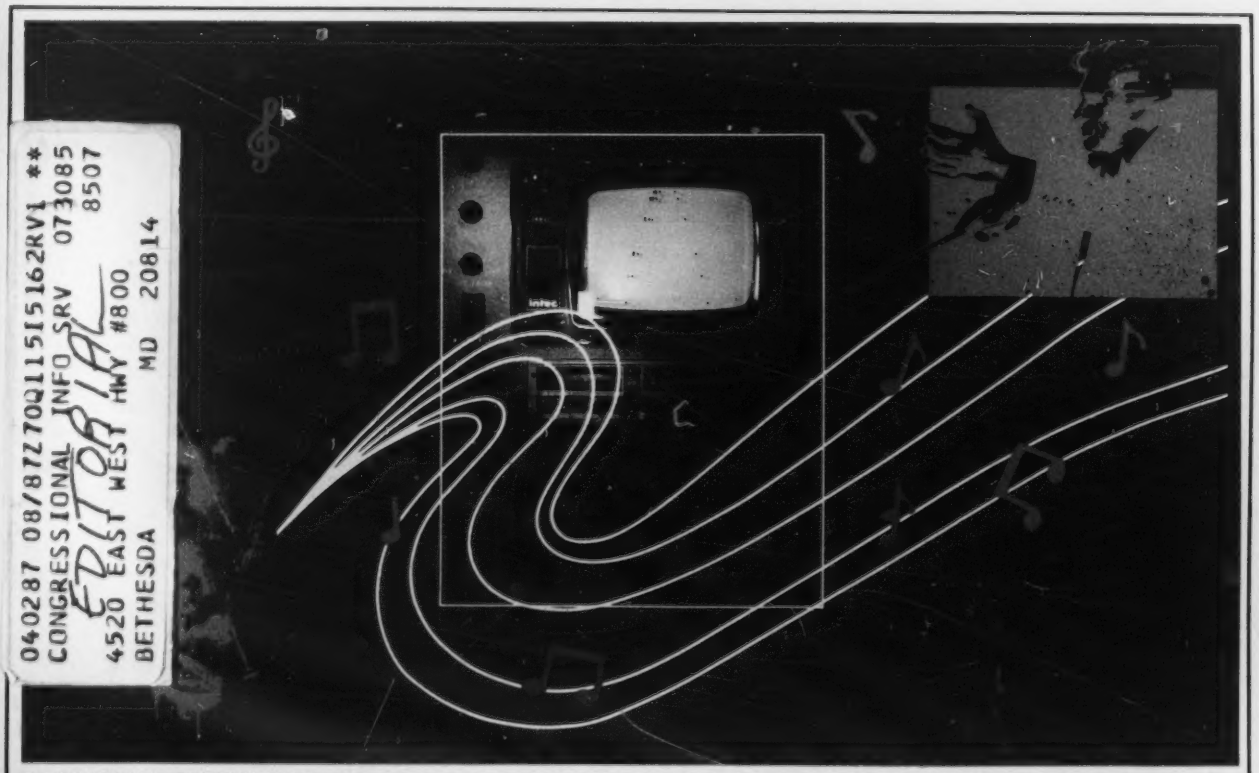

THE RV SOUND SPECTRUM: RV dealers are missing out on profits by failing to market upgraded RV sound systems at a time when demand for top-of-the-line audio products is growing. See page 26.

AUG. 7, 1987 TWO DOLLARS

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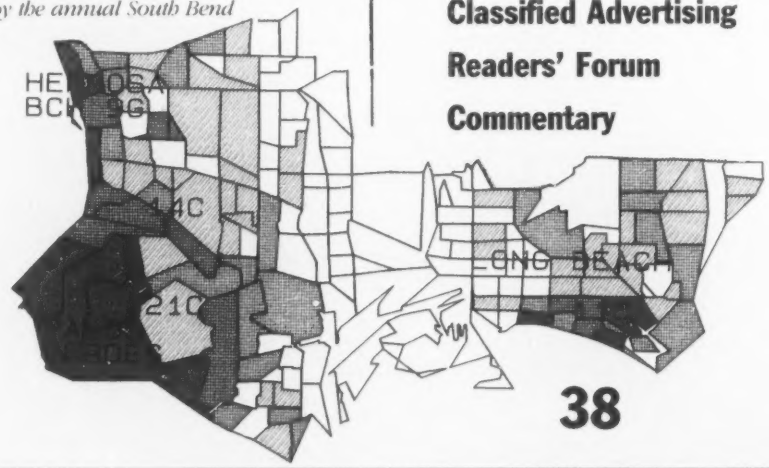

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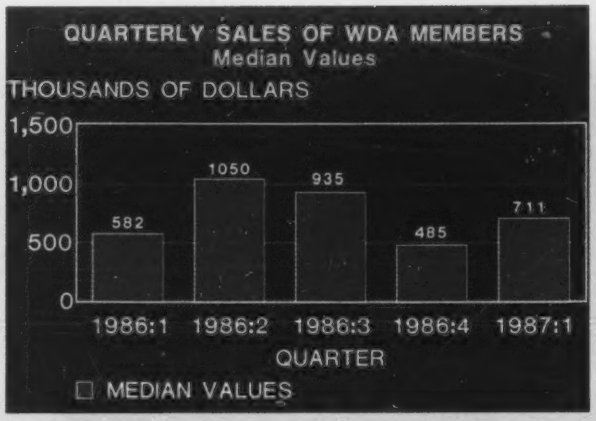
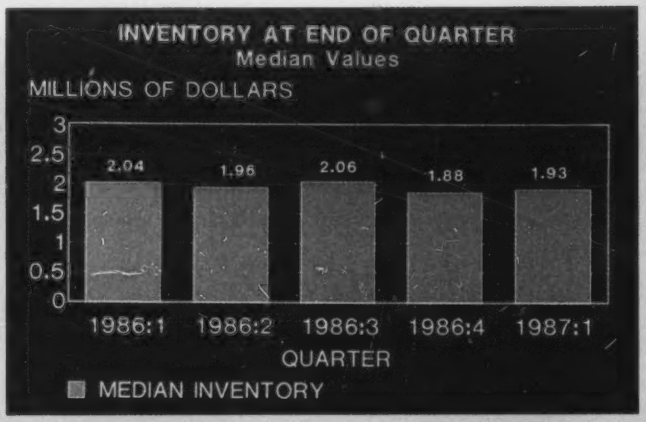
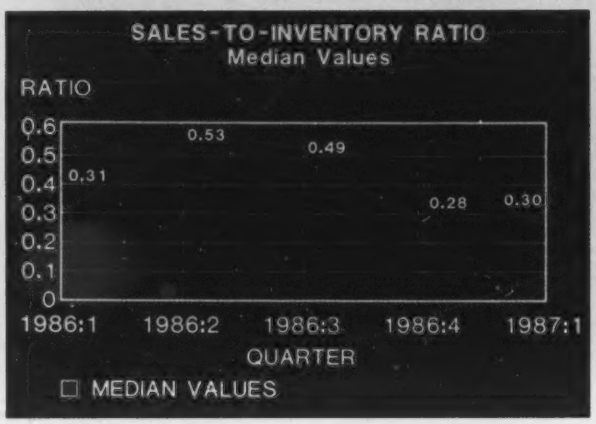
COVER: PHOTO OF SOUND-SYSTEM ARRAY COURTESY OF NEWELL COACH CORP., MIAMI, OKLA.

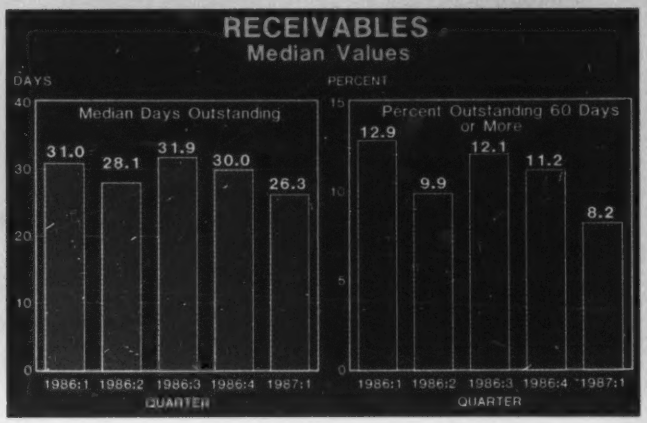
FIRST QUARTER SALES UP 22%, INVENTORIES DOWN

MORTON J. MARCUS









Survey results from members of the Warehouse Distributors Association (WDA) reveal an increase of 22.2% in average sales for the first quarter of 1987 compared with the same period a year ago. The median sales figure at the start of this year was $711,000, *up* $129,000 from the first quarter of '86. This first-quarter sales figure was also a sharp increase from the $485,200 (revised) median-sales figure of the last quarter in 1986.

These results were obtained from the quarterly statistical survey conducted by WDA. Thirty-six member firms participated in the survey for the first quarter of '87, compared with 39 participating firms a year earlier. U.S. firms reported a slightly lower improvement than their Canadian cousins. In each case, the figures were computed in the dollars of the nation involved.

The higher first-quarter sales were being achieved on slightly lower inventories, according to the survey. The median inventory level reported at the end of the first quarter in 1987 was 5.4% lower than at the same time in 1986. This means that wholesalers were turning over their stock more rapidly. That fact did not show up in the median sales-to-inventory ratio, which held steady at 0.3, but was confirmed by the mean sales-to-inventory value, which rose from 0.34 to 0.39.

Often, we need to look at different statistics to get at what is really happening. The median indicates that half of the firms are above and half below a certain number; the mean is the ordinary average of a group of numbers, and it is more affected by extremes than is the median. In the case of the sales-to-inventory ratio, the mean is the most meaningful figure. Thus, there would seem to be tighter control of inventories and a closer relationship between inventories and sales among WDA members in 1987 than in 1986.

Receivables also improved in the first quarter of 1987 compared with the same three-month period in 1986. The average number of days for accounts receivable was down by nearly five days, falling from 31 days to just over 26 days. This could be indicative of better management by WDA member firms and/or improved business conditions for customers. In either case, members should be enjoying better cash flow from quicker collections. This improvement, however, was limited to U.S. firms, for which the

GRAPHICS: CUSTOM COLOR VISUALS

median days fell from 30 to 23 days; Canadian firms showed an increase from 32 to 34 days.

The improvement in the receivables figure was most notable in the percent of receivables of 60 days or more. Here, the median value fell from nearly 13% to just over 8%. Again, the improvement was for U.S.

There would seem to be tighter control of inventories in '87 than in '86.

firms only; Canadian-firms reported an increase in percent of receivables 60 days and older, a rise from 13% to 15%.

These aftermarket data were obtained from the confidential reports sent voluntarily by WDA members firms to the Indiana Business Research Center at Indiana University. Each participating WDA member received a private report in which that firm's record over the past five quarters was compared with industry averages. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

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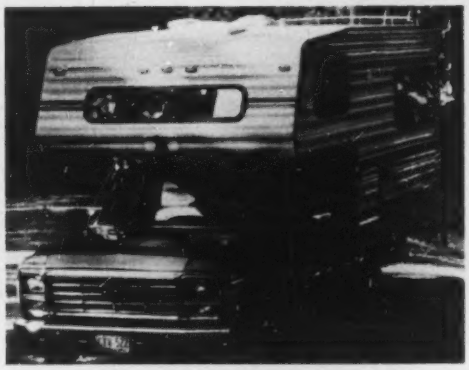

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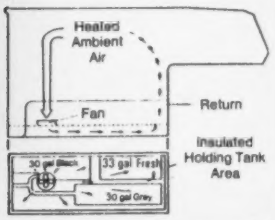

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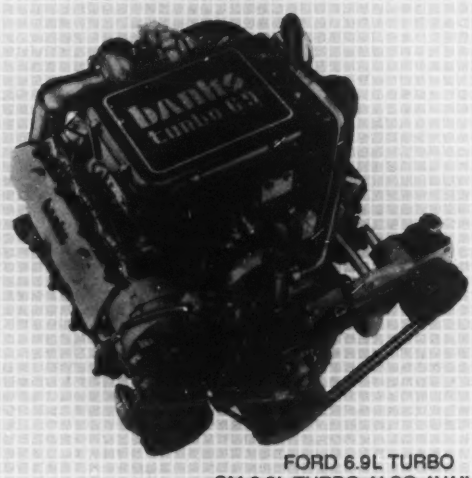

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DAB PERSPECTIVE

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MAY 1987	MAY 1986	% CHANGE	1987	1986	% CHANGE	MAY 1987	MAY 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	[illegible]											
TRAVEL TRAILERS	144	149	− 3	583	560	+ 4	111	144	−23	500	528	− 5
TRUCK CAMPERS	[illegible]											
CAMPING TRAILERS	146	123	+19	617	628	− 2	43	54	−20	187	173	+ 8
FIFTH-WHEELS	[illegible]											

	FOR MONTH			YEAR-TO-DATE		
	MAY 1987	MAY 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	[illegible]					
TOTAL UNIT SALES	820	839	− 2	3,584	3,470	+ 3
NEW-UNIT SALES	[illegible]					
USED-UNIT SALES	319	359	−11	1,496	1,462	+ 2

DEALERS REPORT GOOD SALES IN MAY

GAYLORD MAXWELL

May was a good month for most of *RV Business*' Dealer Advistory Board (DAB) members. Two-thirds of them took in more dollars than they did in May 1986.

However, due to significant sales drops by three DAB members, dollar volume for the month was down slightly. Three of the five RV types were up in new-unit sales (motorhomes, truck campers and camping trailers), and two were down (travel trailers and fifth-wheels).

Used units generally fared poorly for the month. Four of the five categories were down. Only motorhomes managed to post a better record than last year. Although many DAB members rated used sales as good, others rated them as only fair or poor.

Accessory sales were generally rated from good to excellent. Grosses were rated fair to good. Net profits were quite mixed with many fair but several good ratings, and some poor reports were balanced by one excellent.

New-inventory ratings indicated that some dealers were loaded; the used picture was more varied. Lot traffic was rated a bit on the low side, and first-time buyers were a bit scarce, according to some DAB members.

Year-to-date, the picture was quite bright. In terms of both new and used units and dollars taken in, the DAB collectively was ahead of the previous year. As is commonly the case, a few dealers were setting new sales and profit records, while others were barely keeping their heads above water. Most were running fairly close to 1987 figures, and, unless something drastic happens in the marketplace, that's where they'll end up this year.

Motorhomes

This is definitely the strongest category at this time—the only one of the five RV types to score solid sales pluses for both the month and the year-to-date on both new and used units.

New-unit sales edged slightly ahead of last year's figures. Although the number of DAB dealers in the plus column outnumbered those who were down by 2-to-1, a few of the big dealerships were down significantly, and, consequently, they brought down the average.

Used sales were quite strong. Profits were on the high side, with most ratings in the good column. Three dealers rated profits as excellent, and no one marked poor.

All indications are that motorhome sales will continue to be relatively strong.

Travel Trailers

The slight dip in new-unit sales by the DAB in May was quite a switch from strong April sales and has brought down the year-to-date lead over last year. However, the picture is somewhat distorted by the fact that one very large trailer dealer on the DAB closed a branch operation recently, which brought down the dealership's sales and that of the DAB considerably.

Most members of the board were either ahead of, or close to, last May's figures. Profit ratings for new units ranged from fair to excellent; good was checked most frequently.

Used sales skidded even more than new, with two-thirds of the DAB members reporting their figures down from the previous May.

However, the travel-trailer picture generally still looks good. The average dealer should end up slightly ahead of 1986.

Truck Campers

Renewed interest at the manufacturer level may account for the fact that more dealers are taking a fresh look at stocking this RV type. Most dealers who do not specialize in campers aren't getting numbers they would like, but most are getting respectable grosses on the few units they do sell.

Used sales fell drastically in May, but year-to-date, the numbers were up for new and used units. Profits were rated as good.

With the prices of motorhomes going off the wall, the truck camper is in an excellent position to become a "viable alternative" for those whose incomes can't cope with a motorhome price or payment. Some dealers will capitalize on that situation.

Camping Trailers

After limping along during the early part of the season, it appeared that fold-downs were beginning to get a better share of the market by May. For DAB

continued on page 96

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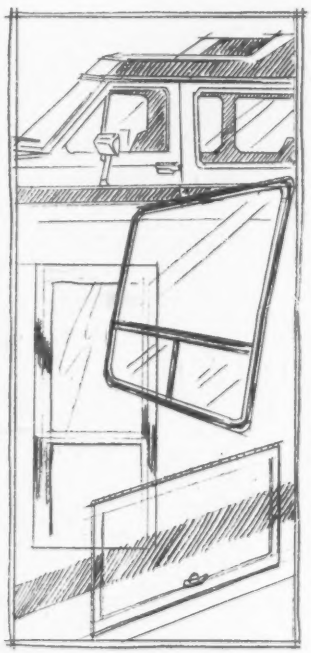

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PERSPECTIVE *from page 24*

members, new-unit sales for May were the best for any types in this report. Year-to-date, the numbers were still a little short of those for last year, but, if the pace continues, that will change in June.

Profits were quite varied, with about an equal number of dealers in each column from poor to excellent.

Fold-downs and families go together, and there are lots of families. Dealers should be putting the two together faster than they are.

Fifth-wheels

No member of the DAB gets big numbers in fivers; consequently, a few unit sales—up or down—can dramatically influence percentages. For example, May's 13% drop in new-unit sales meant only that four fewer were sold than last May. The 37% drop in used units reflected a unit drop of seven.

New-unit sales of fold-downs in May were the best for any RV types.

However, May was definitely not one of the better months for sales of this type. Profits fell, too, with ratings ranging from fair to good.

Since sales were still up year-to-date, an obvious conclusion would be that sales in May were atypical, and that sales generally will stay on the up side. Δ

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross-section of the U.S. dealer body.

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This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.